

Child Tax Credit

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Government
Publications



Revenue Canada
Taxation

Revenu Canada
Impôt

INCOME TAX

Family Series



3 1761 11708866 6

September 1984

Canada

Ce dépliant est aussi disponible en français sous le titre «Crédit d'impôt pour enfants».

This leaflet is only a guide. For official purposes, please refer to the Income Tax Act.

Copies of this leaflet are available free of charge from district taxation offices.

What is the child tax credit?

A child tax credit is available to Canadian mothers, or in some cases fathers, to supplement their family allowance. The credit available is generally based on your net income and that of a "supporting person" for a taxation year. If the total of these net incomes are below a certain level, you will be able to claim a child tax credit for each "eligible child." This credit will first be used to reduce any tax you may owe and the balance will be remitted to you in the form of an income tax refund cheque. Accordingly, you must apply for the credit every year by completing and filing an income tax return.

Can I apply for the credit?

You can apply for the child tax credit if you have an "eligible child" for the applicable taxation year. Generally, an "eligible child" is a child 17 years of age or under for whom you received, or were entitled to receive, family allowance in January of the following year. For example, if you are filing your income tax return for the 1984 taxation year, you qualify to claim the child tax credit if you received family allowance for a child in January 1985.

In the case of a married couple, the parent receiving the family allowance cheque (usually the mother) will be the one to apply for and receive the

credit. A single parent (mother or father) receiving family allowance in January – one who is widowed, single, separated, divorced or not legally married on December 31 of the taxation year – will be the one to apply.

Are all my dependent children eligible?

Usually the number of children for whom you can claim the credit will be shown in box (F) of the annual TFA1 information slip you receive for the taxation year from Health and Welfare Canada. A child who turned 18 in any month of the taxation year including December will not be included in box (F) and is not a child for whom the tax credit may be claimed.

A child not included in box (F) will be considered eligible for the credit if you have an award letter from Health and Welfare Canada confirming family allowance for that child. An example would be a child born in December of the taxation year.

How much will I receive?

The maximum credit for the 1984 taxation year is \$367 for each eligible child when the total of your net income and the net income of a “supporting person” is \$26,330 or less. (The \$367 amount is increased annually.) If the total net income is greater than \$26,330, the credit will be reduced by five per cent of the amount by which the total net income exceeds \$26,330.

A “supporting person” for the purpose of the child tax credit is defined as

- your spouse, if you and your spouse were residing together at the end of the taxation year;
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- the other parent of any eligible child of yours, if you and the other parent were residing together at the end of the taxation year, or
 - any individual who claims an eligible child of yours as a dependant for income tax purposes for the year, whether or not that individual was residing with you at the end of the taxation year.

In determining total net income, keep in mind these points:

- if there is no supporting person as defined above, only your net income is used in calculating total net income;
- if there is a supporting person as defined above, your income and that of the supporting person must be included in the calculation of total net income;
- if you are married (whether you got married in the year or previously) and you are residing with your spouse at the end of the taxation year, your spouse is a supporting person whether or not your spouse is the parent of the child;
- if you are living in a common-law relationship with the other parent of an eligible child of yours at the end of the taxation year, your income and the income of the other parent must be used in the calculation of total net income;
- if you are single, widowed, separated or divorced during the taxation year and remain so at the end of the year, your income and the income of any individual claiming a personal exemption for an eligible child of yours must be used in the calculation of total net income whether or not that individual resides with you.

A special schedule (Schedule 10) is included with your income tax return. Using this schedule, you determine the total net incomes for both you and a supporting person and calculate the amount of credit you are entitled to receive.

How do I apply for the credit?

You will have to file an income tax return to apply for the credit. If you filed a return last year, you should automatically receive a "personalized" return in the mail. If you have never filed before, have not been working for a year or so, or have not received one in the mail, you can pick up a tax return booklet at any post office or district office.

Will I need a social insurance number?

You are required to supply your social insurance number when you file a tax return. Your return will not be processed until your social insurance number has been provided. This may delay your child tax credit refund, if you are entitled to one.

You should not wait until you are filling out your tax return to apply for a number, because it usually takes a few weeks to obtain. It may also take time to obtain suitable proof of identity or of your status in Canada, which must accompany your application for a social insurance number.

Application forms are available at any Canada Employment Centre (Unemployment Insurance or Manpower Services) and at some post offices.

What other information will I need?

The Tax Guide included with your tax return will help you to complete the return correctly.

You must attach to your completed return one copy of the applicable TFA1 information slip you receive from Health and Welfare Canada. If the number of children shown on the slip is not correct, you must also include with your return a copy of the award letter for any child not shown for whom you are claiming.

If you are filing a T1 General, you must include with your return one copy of Schedule 10 recording the supporting person's net income and your own. If you are filing a T1 Special, you must complete Schedule 10 on page 4 of the return. In either case, a supporting person residing with you at the end of the taxation year must sign the certification.

Must I file a tax return if I have no income?

The only way you can claim your child tax credit is by filing a return. If you have no income, simply fill in the "Identification area" on page 1 of the return and insert "0" for taxable income on line 260 of page 2. If you are using a T1 General, calculate your credit on Schedule 10 and complete the bottom part of page 4 of the return; if you are using a T1 Special, complete the bottom of page 2. If neither you nor the supporting person has income, it is not necessary for both to file a return to claim the credit. Only the person making the claim is required to file in that case.

Are family allowance payments included in calculating total net income?

The individual claiming the personal exemption for a child must include the family allowance for that child in reporting income for the taxation year (whether or not the allowance is payable to that individual). In addition, a copy of the applicable TFA1 information slip (TFA2 information slip for people resident in Quebec) must be attached to the income tax return. If no one claims a personal exemption for the child, the allowance is income of the person to whom the cheque is made payable (usually the mother). Since the family allowance will generally be considered income of either a supporting person or income of the individual claiming the child tax credit, the allowance is included in calculating total net income.

In the case of a married couple, it is usually more beneficial for the parent with the higher income to claim the personal exemption for the child and report the family allowance. Remember, however, the parent to whom the family allowance cheque is made payable (usually the mother) is the one to apply for and receive the child tax credit.

Is the child tax credit taxable?

Unlike family allowance, the child tax credit is not taxable. Neither you nor a supporting person of the child will be required to include in income amounts received as child tax credits in the previous taxation year.

When will I receive my cheque?

If you complete the schedule and tax return correctly and attach all the required documents, you should receive your cheque (if it is not needed to offset your unpaid tax) as soon as your return has been processed. This normally takes at least eight weeks.

Missing information will delay the processing of your return by several weeks. Sometimes the information slips you are required to attach to your return do not arrive until February or March. You should not file your return until you have all the information needed to determine your own income and that of the supporting person because it will be delayed while the Department contacts you to obtain the missing documentation.

If you are claiming the child tax credit, it is important to report the total of your net income and that of a supporting person correctly on Schedule 10, because if your return or that of a supporting person is reassessed after initial processing and net incomes are readjusted, your child tax credit will be adjusted automatically. If the adjustment is in your favour, you will receive a cheque for the balance with interest, if

applicable. If your credit is found to be less than your original claim, you will be asked to refund the difference and pay any accumulated interest.

District taxation offices

NEWFOUNDLAND

- 01 - 165 Duckworth St.
St. John's, Nfld.
A1C 5X6
Local calls: 772-5050
Long distance calls:
1-772-5060

PRINCE EDWARD ISLAND

- 02 - 90 Richmond St.
Charlottetown, P.E.I.
C1A 8L3
Local calls: 566-7200
Long distance calls:
1-566-7200

NOVA SCOTIA

- 03 - 1557 Hollis St.
Halifax, N.S.
B3J 2T5
Local calls: 426-2210
Long distance calls:
1-426-3360

- 04 - 60 Dorchester St.
Sydney, N.S.
B1P 6K3
Local calls: 564-7080
Long distance calls:
1-564-7081

NEW BRUNSWICK

- 05 - 65 Canterbury St.
Saint John, N.B.
E2L 4H9
Local calls: 648-4600
Long distance calls:
1-800-222-9622

786 King Ave.
Bathurst, N.B.
E2A 1R5
Local calls only: 548-4407

QUEBEC

- 06 - 165 Pointe aux Lievres St. S.
Québec, Québec
G1K 7L3
Local calls: 648-3180
Long distance calls:
- From area code 418, dial
1-800-463-4421
- From area code 819, dial
1-800-463-4413

55 Racine St. E.
Chicoutimi, Québec
G7H 1P9
Local calls only: 545-1912

411 Sirois St.
Rimouski, Québec
G5L 8B2
Local calls only: 722-3111

1055 des Forges Blvd.
Trois Rivières, Québec
Local calls only: 373-2723

- 07 - 50 Couture St.
Sherbrooke, Québec
J1H 5L8
Local calls: 565-4888
Long distance calls:
1-800-567-6184

- 08 - 305 Dorchester Blvd. W.
Montréal, Québec
H2Z 1A6
Local calls: 283-5300
Long distance calls:
Zenith 0-4000

- 46 - 3131 St. Martin Blvd. W.
Laval, Québec
H7T 2A7
Local calls only: 283-5300

- 47 - 5245 Cousineau Blvd.
St. Hubert, Québec
J3Y 7Z7
Local calls only: 283-5300

- 09 - 11 Terminus St. E.
Rouyn, Québec
J9X 3B5
Local calls: 764-5171
Long distance calls:
Zenith 0-4000

ONTARIO

- 10 - 360 Lisgar St.
Ottawa, Ont.
K1A 0L9
Local calls: 598-2275
Long distance calls:
- From area code 613, dial
1-800-267-8440
- From area code 819, dial
1-800-267-4735

- 11 - 385 Princess St.
Kingston, Ont.
K7L 1C1
Local calls: 542-2831
Long distance calls:
1-800-267-0922

- 12 - 11 Station St.
Belleville, Ont.
K8N 2S3
Local calls: 962-8611
Long distance calls:
1-800-267-2130

- 13 - 36 Adelaide St. E.
Toronto, Ont.
M5C 1J7
Local calls: 869-1500
Long distance calls:
- From area code 416, dial
1-800-387-1700
- From area codes 519, 705, dial
1-800-387-1710

- 14 - 150 Main St. W.
Hamilton, Ont.
L8N 3E1
Local calls: 522-8671
Long distance calls:
- From area code 416, dial
1-800-263-9200
- From area code 519, dial
1-800-263-9210

- 15 - 166 Frederick St.
Kitchener, Ont.
N2G 4N1
Local calls: 579-2230
Long distance calls:
1-800-265-2530

- 16 - 32 Church St.
St. Catharines, Ont.
L2R 3B9
Local calls: 688-4000
Long distance calls:
1-800-263-5672

- 17 - 451 Talbot St.
London, Ont.
N6A 5E5
Local calls: 679-4211
Long distance calls:
1-800-265-4900

- 18 - 185 Quellerie Ave.
Windsor, Ont.
N9A 5S8
Local calls: 258-8302
Long distance calls:
1-800-265-4841

- 19 - 19 Lisgar St. S.
Sudbury, Ont.
P3E 3L5
Local calls: 675-0581
Long distance calls:
1-800-461-4060

- 20 - 201 North May St.
Thunder Bay, Ont.
P7C 3P5
Local calls: 623-3443
Long distance calls:
1-800-465-6981

MANITOBA

- 21 - 391 York Ave.
Winnipeg, Man.
R3C 0P5
Local calls: 949-6350
Long distance calls:
1-800-282-8079

SASKATCHEWAN

- 22 - 1955 Smith St.
Regina, Sask.
S4P 2N9
Local calls: 359-6015
Long distance calls:
800-552-8031

- 23 - 201 - 21st St. E.
Saskatoon, Sask.
S7K 0A8
Local calls: 665-4595
Long distance calls:
800-772-8737

ALBERTA

- 24 - 220 - 4th Ave. S.E.
Calgary, Alta.
T2G 0L1
Local calls: 231-4101
Long distance calls:
1-800-332-1410

- 25 - 9820 - 107th St.
Edmonton, Alta.
T5K 1E8
Local calls: 420-3510
Long distance calls:
1-800-232-1966 (Alta.)
Northwest Territories and
Northeastern B.C.
1-800-661-5620

BRITISH COLUMBIA

- 26 - 277 Winnipeg St.
Penticton, B.C.
V2A 1N6
Local calls: 493-3616
Long distance calls:
1-800-642-8259

- 27 - 1166 West Pender St.
Vancouver, B.C.
V6E 3H8
Local calls: 689-5411
Long distance calls:
112-800-663-9033
Yukon Territory and
Northeastern B.C.
1-800-663-0451

- 28 - 1415 Vancouver St.
Victoria, B.C.
V8V 3W4
Local calls: 388-0121
Long distance calls:
112-800-742-6108

Long Distance Calls: No charge
to caller in Canada.
- For Zenith numbers, dial "0" and
ask for Zenith 0-4000
- For other numbers, dial direct

Number for
Hearing Impaired:
1-800-665-0354